

Service Date: March 25, 1992

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER of the Application)	
of Montana-Dakota Utilities Company)	UTILITY DIVISION
for Authority to Increase Rates and)	DOCKET NO. 91.5.18
Charges for Natural Gas Service in)	ORDER NO. 5570b
Its Montana Service Area.)	
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INTERIM RATE ORDER

FINDINGS OF FACT

1. Montana-Dakota Utilities Company (Applicant or MDU) has three gas tracker cases pending before the Commission (Docket Nos. 90.11.75, 91.5.18 & 91.11.51). These three filings have been consolidated into Docket No. 91.5.18. The information submitted by MDU in Docket Nos. 90.11.75 and 91.5.18 reflected a proposed gas cost adjustment that would have generated revenues of approximately \$4.4 million and \$1.8 million, respectively. In these two filings MDU proposed no increase in rates to its subscribers pending a decision of the Federal Energy Regulatory Commission on a Williston Basin Interstate Pipeline matter that could result in substantial refunds to MDU.

2. On November 1, 1991, MDU filed the above consolidated Docket No. 91.11.51. This application requested that the Commission authorize an increase in natural gas rates and charges to MDU's Montana customers. The proposed increase in rates would generate approximately \$4.8 million in additional annual revenues for MDU.

3. MDU's gas tracker application contemplated Commission authorization of an interim increase pending issuance of a final order. The proposed interim rates to be effective December 1, 1991, would have generated approximately \$4.8 million, or 100% of

the proposed increase.

4. On July 29, 1991, the Montana Consumer Counsel (MCC) filed a Petition for General Intervention and a Request for Public Hearing in the pending gas tracker applications of MDU. The Commission granted both the request for intervention and the request for public hearing. When MDU filed its November 1, 1991, gas tracker application, which the Commission consolidated into Docket No. 91.5.18, the MCC became a party to the docket.

5. On December 11, 1991, MDU renewed its request for authority to implement an interim rate increase to recover its calculated current cost of natural gas. In an effort to be more fully informed on the merits of MDU's request for rate relief, the Commission deferred action on the request pending receipt of intervenor testimony scheduled to be filed January 24, 1992.

6. On January 31, 1992, the Commission received intervenor testimony proposing that MDU's annual revenues be decreased by approximately \$300,000. The intervenor testimony supporting the revenue decrease alleges that MDU has inappropriately included \$4.6 million in take or pay (TOP) charges as a component of costs to be recovered through the gas tracker. The intervenor testimony also alleges that, as a result of imprudent gas acquisition practices MDU has incurred \$480,000 in excess gas supply costs that should be disallowed.

7. To determine the appropriate recoverable cost of gas for MDU the Commission must address the reasonableness of including TOP charges in a gas tracker filing and the prudence of MDU's gas acquisition practices. Given the disparate positions of the parties and the information presently available on issues, the Commission cannot reasonably conclude that MDU may be entitled to rate relief at the time a final order is issued. The Commission's inability to conclude that MDU may be entitled to some level of rate relief in a final order warrants denial of an interim increase in rates.

CONCLUSIONS OF LAW

1. Montana-Dakota Utilities Company is a public utility furnishing natural gas service to customers in Montana, and is subject to the supervision, regulation and control of this Commission pursuant to Section 69-3-102, MCA.

2. Section 69-3-304, MCA, provides in part, "The Commission may in its discretion, temporarily approve increases pending a hearing or final decision."

3. The Commission concludes that the denial of an interim rate increase is just, reasonable and within the discretion granted by Section 69-3-304, MCA.

ORDER

THEREFORE THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

1. Montana-Dakota Utilities Company is hereby denied authority to implement, on an interim basis, increased rates for its Montana customers.

DONE IN OPEN SESSION at Helena, Montana this 23rd day of March, 1992 by a 4 - 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

DANNY OBERG, Vice Chairman

BOB ANDERSON, Commissioner

JOHN B. DRISCOLL, Commissioner

WALLACE W. "WALLY" MERCER, Commissioner

ATTEST:

Ann Peck
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission

reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.

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